

October 19, 1999

Commissioner Robert A. Laurie
California Energy Commission
1516 Ninth Street, MS-32
Sacramento, CA 95814

Commissioner Robert Pernell
California Energy Commission
1516 Ninth Street, MS-33
Sacramento, CA 95814

Dear Commissioners Laurie and Pernell:

As an administrator of California's public goods charge-funded energy efficiency programs, Southern California Edison Company (SCE) is pleased to participate in the California Energy Commission's (CEC) public workshops on the future of post-transition energy efficiency programs. SCE expects the insights gained from the utilities' combined experience and expertise in the successful administration of the largest portfolio of market transformation programs in the country will not be lost to the CEC as it prepares the reports to the legislature called for under Assembly Bill 1105. As we have done to date, SCE offers its continued assistance to the CEC to help it be successful in fulfilling this very important responsibility. With this in mind, SCE offers these additional comments for consideration.

At the utilities' October 6, 1999 presentation to the Commissioners, SCE shared that our energy efficiency program plans for 2000-2001 focus on two objectives: (1) preserving continuity in what is currently working well, and (2) where appropriate, making further program refinements that promote additional innovation and improvement. In short, SCE believes that the key to continued success in fostering a vibrant and sustainable market for energy efficiency in California lies in building on our solid foundation of success, rather than in pursuing schemes that ignore what we've learned along the way.

SCE believes that our approach for 2000-2001 is also consistent with the intent of AB 1105, which calls for the CEC's recommendations for a "...post-transition administrative structure that is designed to achieve efficient and effective program administration." If there has been anything to learn from the CPUC's recent obstacle-plagued and ultimately unsuccessful efforts to transfer energy efficiency administration, it is that untested schemes seeking to completely revolutionize how complex energy efficiency markets work are risky. On the other hand, where there is a willingness to work together to build on the proven successes of California's existing energy efficiency infrastructure, we have had continued success on a scale that keeps California among the nation's leaders in energy efficiency. The Commission should not abandon this leadership role.

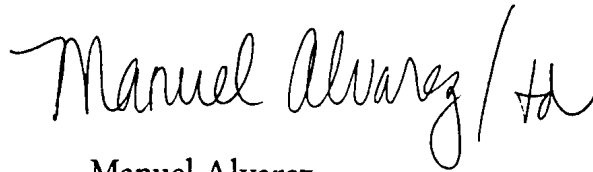
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Accordingly, as the CEC considers what administrative structure it should recommend for adoption in the post-transition period, SCE urges the CEC to give careful consideration to proposals that build on what is working well in today's market instead of chasing sweeping change for change's sake. Specifically, SCE believes that the CEC's recommendations to the legislature should not foreclose the opportunity for utilities to play a meaningful role in post-transition energy efficiency programs and to continue to make substantial contributions to the achievement of the State's energy efficiency objectives.

SCE looks forward to continuing to work closely with the CEC and all other interested stakeholders through the public workshop process and future proceedings as we all contribute to the determination of the future of energy efficiency programs in California. Should you have any questions, please feel free to call me at (916) 441-2369.

Sincerely,

A handwritten signature in black ink that reads "Manuel Alvarez" followed by a stylized flourish or initials.

Manuel Alvarez

cc: John Sugar